



## **MEMORANDUM ERIE COUNTY DIVISION OF BUDGET AND MANAGEMENT**

TO: County Comptroller Stefan Mychajliw

FR: Robert Keating, Director of Budget and Management *14*

DATE: January 10, 2013

RE: Cash Flow Impact of Teamster and CSEA Correction Officers Contracts

Thank you for your memorandum dated January 9, 2013, regarding the cash flow impact of the recently settled Teamster and CSEA Correction Officers collective bargaining agreements. I received your memorandum late in the day yesterday afternoon and I write to clear up some potential questions contained in your memo.

The two contracts you reference were approved unanimously by the Erie County Legislature in December 2012, and have a cash flow impact on the County in 2013. This information and data was shared by the Division of Budget and Management with the Comptroller's Office in late 2012, and was similarly communicated to all members of the County Legislature in December 2012 at an open and public legislative caucus.

As you know, your Deputy Comptroller Gregory Gach was handling cash flow projections for then Comptroller David Shenk in December 2012 and should have been fully aware of the cash flow implication from ratification of the two contracts. However, I am more than happy to summarize the cash impact of these contracts in the event your staff has not properly informed you of the matter.

Both contracts contain cost of living adjustments ("COLA") in 2013, with the early 2013 cash flow impact lessened because each union's COLAs are paid out bi-weekly through the County payroll during the twenty six (26) pay periods in 2013. The cost of the Teamsters' 2013 contract provisions, including salary, fringe benefits and overtime, is \$1.67 million and the cost of the CSEA correction officers' 2013 contract provisions, again including salary, fringe benefits and overtime, is \$900,000. As you noted, we were successful in applying for and receiving efficiency grant funding from the Erie County Fiscal Stability Authority for the CSEA correction officers contract so this expense will only be a timing issue for cash flow purposes.

The Teamsters will receive a one-time signing bonus payment of approximately \$1.85 million. That payment is currently scheduled to be made by the Department of Personnel on January

18, 2013. As an accounting treatment, that expense will be accrued to the County's 2012 fiscal year and addressed through 2012 "surplus" or fund balance.

From my review of SAP, I see the County received \$16.975 million from New York State on January 8, 2013, which should easily mitigate the impact of the signing bonus payment to be made on January 18, 2013.

For years, the Comptroller's Office's cash management staff has prepared a daily cash sheet showing the County's cash position. Earlier this week, your office stopped providing me with a copy of that daily document. In the spirit of cooperation, I hereby formally request that you continue to provide me with that important document or whatever tracking tool is currently being used for cash status analysis.

I look forward to continue working with you for the benefit of County residents.